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Florida TaxWatch Analysis Finds Fixing Corporate Income Tax Glitch will Benefit State Economy by Hundreds of Millions of Dollars

TALLAHASSEE – A new Florida TaxWatch report shows that fixing the corporate income tax glitch will mean hundreds of millions of dollars for Florida’s economy and will have a significant positive effect on jobs in the state as well as state and local government revenues. The Florida Cabinet will consider a special Cabinet Emergency Rule (CER) to clarify the corporate income tax law and solve the problem tomorrow, December 9, 2008.

In anticipation of that meeting, the Governor’s Office asked Florida TaxWatch to assess the economic impact of not fixing the law. Although a projection of the full impact is not determinable, TaxWatch used econometric modeling to analyze estimates from a sample of 17 Florida companies of the impact on each of them of not correcting the problem. **The tax impact for these 17 companies alone is \$93.6 million. The analysis shows that the impact from this relatively small 17-company sample is a total loss of \$154 million in output, 925 jobs, and almost \$6 million in state and local government revenue.**

Dominic M. Calabro, President and CEO of Florida TaxWatch, explained the importance of the issue and expressed his appreciation to all those who have worked with Florida TaxWatch to solve this looming crisis. “This analysis shows that fixing the glitch is the most important thing that the state could do right now to help Florida taxpayers. The Cabinet Emergency Rule that will be considered tomorrow will help accelerate Florida’s economic recovery. We are grateful to the Governor and the Cabinet, and to Senate President Jeff Atwater and House Speaker Ray Sansom as well as the Department of Revenue, for working with Florida TaxWatch and our partners in the business community to address this crucial issue.”

In seeking to clarify the corporate income tax law affecting taxpayers and businesses throughout the state, Florida TaxWatch worked closely with the Florida Chamber of Commerce, Associated Industries of Florida, and the Florida Retail Federation, as well as companies from around the state.

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Kurt R. Wenner, Florida TaxWatch Director of Tax Research, reiterated the importance of this issue and highlighted the role that the Department of Revenue played in the fix. “This report, as well as the previous Florida TaxWatch report on this issue from November, shows that clarifying this law is critical to the state’s economic and fiscal health. The analysis in this report is based on only a small portion of the state’s business community; but it clearly shows that the effect on Florida’s economy is significant. I certainly commend the Cabinet for taking up the Cabinet Emergency Rule proposed by the Department of Revenue, as well as the Department of Revenue for their efforts working with TaxWatch and the business community to craft a solution.”

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Florida TaxWatch is a statewide, nonpartisan, nonprofit research institute that over its 30-year history has become widely recognized as the watchdog of citizens’ hard-earned tax dollars. Its mission is to provide the citizens of Florida and public officials with high quality, independent research and education on government revenues, expenditures, taxation, public policies and programs and to increase the productivity and accountability of Florida state and local government. Its support comes from homeowners and retirees, small and large businesses, philanthropic foundations, and professional associations. On the web at www.FloridaTaxWatch.org.